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C O N F I D E N T I A L SECTION 01 OF 02 DJIBOUTI 001541

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SUBJECT: PRESIDENT GUELLEH AND U.S.-DJIBOUTI BILATERAL
RELATIONS

Classified By: AMBASSADOR MARGUERITA D. RAGSDALE.
REASONS 1.4 (B) AND (D).

11. (C) Ambassador met with President Ismail Omar Guelleh on December 2, at her request. The purpose of the meeting was to discuss the current state of U.S.-Djibouti bilateral relations as well as developments in the region. Septels cover discussions on Camp Lemonnier lease negotiations and regional developments. Pol/Econ (Embassy notetaker) joined the Ambassador in the meeting at the Presidential Palace. Osman Ahmed, Minister of the Presidency, sat in with Guelleh on the Djiboutian side.

12. (C) Ambassador began by asking Guelleh for an assessment of his September visit to the U.S. to participate in UNGA. He replied that the trip had been "very, very good, very pleasant, and very fruitful." His meetings with members of the House and Senate were particularly interesting as they were his first opportunity to see how affairs are handled in respective departments and committees. The meetings were also a chance for him to brief members of Congress on Djibouti's activities and to see how they view the relations proceeding. Guelleh said the congressmen were also interested to hear Djibouti's views on relations between their two countries. Guelleh expressed hope that he had succeeded in conveying his message well. He had not met with senior U.S. officials. He told Ambassador that during his trip, he had not wanted "to disturb Administration officials," who seemed "to have other issues on their mind" during UNGA. He said, nonetheless, the trip was very useful and he had been particularly impressed by retired congressman Ronald Dellums of California and the meeting the two had had.

13. (C) To Ambassador's invitation to Guelleh to provide his assessment of the current state of U.S.-Djibouti bilateral relations, Guelleh responded that he wanted a closer relationship with the United States administration. This is why, he said, Djibouti had hired a firm in the U.S. to assist in this effort. He said Djibouti was committed to go forward and join countries that are "closest to the hearts of the Administration and to the President of the United States." "As you know," he recounted, "Djibouti is a very poor country." Yet the World Bank has determined that Djibouti is not eligible for certain loans because of its high per capita income among developing countries. "This is not good at all," he said, because Djibouti has genuine needs. He said he had told Assistant Secretary of State for Africa Constance Newman during his visit to New York that he would like to see Djibouti on the list of countries with bilateral development assistance through USAID, in order to make the U.S. commitment to Djibouti more permanent. Currently, and in prior years, he said, Djibouti has benefited on a more intermittent basis from Economic Support funds. That assistance was cut off during the Clinton Administration. A commitment of development assistance, Guelleh stated, would provide greater continuity. Nevertheless, he said he was pleased with U.S.-Djibouti cooperation through assistance in the education and health domains.

14. (C) Ambassador noted that health and education were the priorities for assistance that Djibouti set after Guelleh's visit to the U.S. in January, 2003. She asked if he had identified other areas of need for Djibouti. Guelleh responded that desertification, water accessibility, the environment, and private investment from U.S. firms were also priorities. He commented that it was very important that Djibouti attract more direct foreign investment. For countries in Africa, that was the only way for development to succeed. Ambassador mentioned the difficulty in encouraging U.S. businesses to seek commercial opportunities in Djibouti due to the country's small market size. Yet the potential certainly exists, she said, in expanding to surrounding markets in the region. Guelleh agreed, and said Singapore is an example of what Djibouti would like to become. It is very small but serves all of its neighboring areas. For example, a dream for Djibouti, Guelleh said, is to connect its railway to Durban, South Africa. According to Guelleh, South Africa is a plausible market base and is very interested in the prospect of developing this rail line. Djibouti would use the new port at Doraleh, managed by "very efficient and successful people" (note: Dubai Ports International. end note) as a way to attract business from landlocked countries.

Guelleh commented that from Mombasa to Mozambique, there was not an efficient port from which many landlocked countries with rich resources might benefit.

15. (C) Ambassador noted additional U.S. assistance to Djibouti through Foreign Military Financing (FMF). Guelleh dismissed FMF's impact, saying he had "given up" on the FMF program. The first request for material was in 2001, he told Ambassador, and it was for heavy-duty trucks. "To this day, not one truck has been delivered." Ambassador responded that the FMF process does take time. She said she had sent messages to Washington inquiring about the status of various FMF requests for Djibouti, and believed she had made some progress. Also, she said, General Abizaïd promised General Pathi during a recent visit that he would also explore the matter of FMF delays. Guelleh shrugged his shoulders, and responded that FMF, unfortunately, is a complicated system issue for the U.S.

16. (C) Comment: Key Djiboutian ministers, and Ambassador Olhaye, have long made a case for development assistance for Djibouti. It is clear Guelleh wants a long-term U.S. assistance relationship-- and a long-term USAID presence. They believe this is possible under the current Administration. There is, however, little faith in the utility of FMF. Ambassador has addressed this in Washington. A discussion of larger implications of aid issues in Djibouti, the impact of Dubai, and the U.S.-Djibouti relationship to follow septel. End comment.

RAGSDALE